

Chapter 6 An Assessment of Smallholder Farmers' Access to Produce Markets in Malawi: The Case of Kasungu RDP

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Chapter 6

An Assessment of Smallholder Farmers' Access to Produce

Markets in Malawi: The Case of Kasungu RDP^a

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1. INTRODUCTION

1.1 Background

Malawi is predominantly a rural economy with agriculture accounting for an average of 38 per cent of GDP (National Economic Council (NEC) 1999). The overall agricultural production structure consists of two distinct sectors: the estate and smallholder sectors (Mwasikakata 1995). This structure dates back from independence in 1964 when Malawi inherited a colonial agricultural system consisting of a few large, foreign owned, export-oriented estates and a smallholder sector of mostly poor, subsistence farmers (Ng'ong'ola, Kachule and Kabambe 1997). The emphasis then was on smallholder agriculture as the engine of growth. However, due to sluggish growth during the 1961 – 68 period, there was a reversal in the overall agricultural policy with attention shifting from the smallholder subsector to commercial estate agriculture.

From 1970s to early 1990s, smallholder agriculture exhibited a declining trend in its contribution to total GDP while the estate sector was gaining in importance. However, the trend was reversed in the late 1990s when the small-scale agriculture was seen to gain in importance. This reversal was probably largely due to new government policies, beginning in 1994, which placed smallholder agriculture as the engine of growth (Mwasikakata 2003).

Throughout 1980s and early 1990s, the Agricultural Development and Marketing Corporation (ADMARC), a parastatal, enjoyed monopoly powers in marketing of smallholder produce and inputs. However, Malawi, like many Sub-Saharan African countries, has undertaken agricultural market reforms as a result of World Bank and International Monetary Fund (IMF)-initiated

^a Tsutomu Takane, ed., *Agricultural and Rural Development in Malawi: Macro and Micro Perspectives* (Chiba, Japan: Institute of Developing Economies, 2005).

structural adjustment programmes. In line with the reforms, ADMARC has been restructured. The restructuring involved closure of ADMARC markets to promote greater private sector involvement (Ng'ong'ola *et al.* 1997; Stambuli 2002). On the contrary, the reform programme was dodged by unwillingness of private traders to operate in markets from which ADMARC had closed as most such markets did not meet standards for profitable participation.

It is with this brief background that this study was undertaken to assess access to produce markets in Kasungu Rural Development Project (RDP). It should be mentioned that this study mainly targeted the smallholder farmers (producers). As such, most views in this paper are those of the producers. This paper however, appreciates the fact the producers could have over presented their views.

1.2 Objectives

The main objective of the study was to assess access to produce markets by smallholder farmers in Kasungu. Specifically, the study sought to:

1. document main crops grown and livestock reared in Kasungu;
2. find out major buyers of crops and livestock in the study area;
3. compare distances covered by the farmers to produce markets for different crops and livestock; and
4. find out major problems faced by the farmers when selling their produce.

1.3 Methodology

The study was conducted in Kasungu RDP from where two Extension Planning Areas (EPAs) of Kasungu-Chipala and Lisasadzi were sampled. The heads of the EPAs (Agricultural Extension Development Coordinators [AEDC]) provided a list of farmers in their respective EPAs from where a total of 124 farmers were randomly sampled.

A structured questionnaire was administered to the farmers in. This was complimented by data from focus group discussions and key informant interviews with various farmer associations and Kasungu RDP staff. The data were subjected to descriptive analysis.

1.4 Description of the Study Area

In Malawi, Agricultural Development Divisions (ADDs) are administrative categorizations of the country for purposes of managing agricultural development. There are eight ADDs namely Mzuzu and Karonga in the Northern Region; Kasungu, Lilongwe and Salima in the Central Region; and Machinga, Blantyre and Shire Valley in the Southern Region. The ADDs are divided into Rural Development Projects (RDPs). The RDP boundaries correspond to district

boundaries such that there is an RDP in each district. The RDPs are subdivided into Extension Planning Areas (EPAs) that are in turn subdivided into sections.

Kasungu RDP falls under Kasungu Agricultural Development Division (KADD). Other RDPs in KADD are Dowa, Ntchisi and Mchinji. KADD covers approximately 17 per cent (15,930 km²) of the country and contained about 14 per cent of Malawi's total population in 1998. On average, KADD has less than national averages densities throughout the three census periods. Population densities, however, increased remarkably from 43 people per square kilometre in 1977 to 64 in 1987 and 87 in 1998. Kasungu RDP has the lowest densities while Dowa has the highest (National Statistical Office 2000).

Kasungu RDP is situated about 130 km to the north of the capital city, Lilongwe. It is located between Latitude 13.02°S and Longitude 33.48°E. The RDP is the largest in KADD as it has both the highest population (35 per cent of KADD's population) and the largest land share (49 per cent of KADD) (Mwasikakata 2003). At the time of the study (August 2004), Kasungu RDP had a total of 152,951 farm families.

There are 6 EPAs in Kasungu RDP namely Chulu, Kasungu-Chipala, Kaluluma, Chamama, Lisasadzi and Santhe. Kasungu-Chipala is about 10 km north of the RDP headquarters and is the closest while Chamama situated about 79 km north east is the farthest. Chulu, Kaluluma, Lisasadzi and Santhe are about 50 km north, 64 km north, 20 km south and 57 km south west of the RDP headquarters respectively.

As of August 2004, Lisasadzi EPA had a total of 21,600 farm families. The EPA is divided into 6 sections of Chibwe, Mponda, Kasera, Bua, Kawamba and Kachenje. The EPA coverage extends up to 60 km. On the other hand, Kasungu-Chipala had 32,194 farm families. Its coverage is up to 38 km and is divided into 13 sections.

1.5 Organisation of the Report

The report is arranged in five sections. Section 1 gave an introduction to the study by starting with background to the study followed by objectives and methodology approach to the study. This will be followed by a description of the sampled farmers' characteristics such as general socio-economic factors including crops grown and livestock kept by the farmers in the study area in Section 2. Having introduced the crops and livestock, the report goes further to discuss how these crops and livestock are marketed in Sections 3 and 4 respectively. These sections also explore advantages and disadvantages of the different crop and livestock buyers. Finally, Section 5 draws major conclusions from the study and goes further to make recommendations.

2. CHARACTERISTICS OF THE SAMPLED FARMERS

2.1 Socio-economic Characteristics

Table 1 presents sex, marital status and relationship to household head of the respondents. About 77 per cent of the sampled respondents were males and the rest were females. The study mainly targeted the household heads (85 per cent) because these are assumed to have intimate knowledge of agricultural activities. However, in absence of a household head, spouses (15 per cent) were interviewed. The average household size for the sampled households was 6.49. This is higher than the 1998 census which found an average household size of 4.9 (National Statistical Office (NSO), 2000). This agrees with Mwasikakata (2003) who reported that the population growth rate for Kasungu was 5.9 per cent per annum, which is even greater than the national average of about 3 per cent per annum (NSO, 2000). In terms of household size distribution, about 53 per cent of the households had between 5 and 8 members (Table 2).

The ages of the farmers ranged from 20 to 80 years with the majority of the farmers (cumulatively 78 per cent) concentrated within the active age group (20 to 50 years) (Table 3). Of these, 35.5 per cent were in the 30 to 40-age category. This was also reflected by the fact that the mean age of the sampled respondents was about 41 years.

In Malawi, one is considered literate upon successful completion of at least 4 years of education (Kadzandira, 2003). Using this criterion, the study revealed that 82.3 per cent of the sampled farmers were literate (Table 4). Over half of the farmers (60.5 per cent) had attained 5 to 8 years of education (upper primary school) while about 22 percent went up to secondary school (9 to 12 years).

Access to markets is sometimes affected by belonging to a club/association. A club is a group of farmers usually not exceeding 20 while an association is made up of several clubs. The respondents were therefore asked to indicate if they belonged to a club/association. About 77 per cent of the farmers indicated that they belonged to clubs while the rest did not belong to any club (Table 5). The Extension Methodology Officer (EMO) for the area reported that there were at least 12 associations and cooperatives in the area. Although most of these associations mainly dealt with tobacco, there were also others that were involved in horticultural crops (e.g. Kasungu-Chipala Horticultural Association and Kapelula Spices Association) and poultry (e.g. Kavanguti Poultry Association). Those who did not belong to clubs gave inability to pay fees which are sometimes required (20.7 per cent) and that they did not see the benefits of belonging to a club (37.9 per cent) as some of the reasons of not belonging to a club. Reasons for not belonging to clubs are presented in Table 6.

Table 1: Sex, Marital Status and Relationship to Household Head of Respondents

Variable	Frequency	Percentage (%)
<i>Sex of Respondents</i>		
Male	95	76.6
Female	29	23.4
<i>Marital Status</i>		
Single	4	3.2
Married	107	86.3
Divorced	6	4.8
Widowed	7	5.6
<i>Relationship to Household Head</i>		
Head	105	84.7
Spouse	18	14.5
Child	1	0.8

Table 2: Household size

Category	Frequency	Percentage (%)
1 – 4 people	34	27.6
5 – 8 people	66	53.7
>8 people	23	18.7
Total	123	100.0

Table 3: Age of the Respondents

Category	Frequency	Percentage (%)
20 – 30 years	26	21.0
31 – 40 years	44	35.5
41 -50 years	27	21.8
51 – 60 years	20	16.1
>60 years	7	5.6
Total	124	100.0

Table 4: Educational Levels

Category	Frequency	Percentage
None	5	4.0
1 – 4 years (lower primary)	17	13.7
5 – 8 years (upper primary)	75	60.5
9 – 12 years (Secondary)	27	21.8
Total	124	100.0

Table 5: Club Membership

Whether belonged to a club or not	Frequency	Percentage (%)
Yes	95	76.6
No	29	23.4
Total	124	100.0

Table 6: Reasons for Not Belonging to Clubs

Reason	Frequency	Percentage (%)
See no need to join a club	11	37.9
No club in our area	7	24.1
Cannot afford membership fee	6	20.7
Club is a source of conflicts	3	10.3
Too busy to spare some time	2	6.9
Total	29	100.0

Table 7: Crops Grown

Crop	Frequency	Percentage*
Maize	124	100.0
Groundnuts	109	87.9
Tobacco	106	85.5
Sweet potatoes	44	35.5
Soyabeans	34	27.4
Common beans	28	22.6
Cassava	23	18.5
Vegetables	18	14.5

**Out of 124*

2.2 Crops Grown

Results from the household survey and the focus group discussions revealed that maize, groundnuts, tobacco, soyabeans were among the major crops grown in Kasungu. All the farmers interviewed reported that they grew maize. Groundnuts and tobacco was reported to be grown by about 88 per cent and 86 per cent of the farmers respectively (Table 7). Other crops grown included common beans, cassava, paprika, pigeon peas and vegetables.

Kasungu is well known for its tobacco production. Major types of tobacco grown in Kasungu are burley and flue-cured. The importance of other crops in total household income is insignificant compared to tobacco (Mwasikakata 2003). The other crops are mainly grown for food as Table 8 presents. Lately, paprika and soyabeans have been tried as alternative cash crops. Paprika has almost the same yield per hectare as burley tobacco according to the Tobacco Association of Malawi (TAMA). The world prices are very high but demand is uncertain and erratic. According to Kasungu ADD officials, these crops were selected for trial in Kasungu based on high demand in a particular year. In general, these crops have proved to be below average in terms of income and employment as compared to tobacco. As such tobacco is taken as a security crop due to its high value.

2.3 Livestock Kept

Some of the livestock kept by the farmers in Kasungu are cattle, goats, pigs, sheep, rabbits and poultry such as chickens, pigeons, guinea fowls and ducks. From the study the commonest livestock were found to be chicken, goats and pigs in that order. Over 87 per cent of the farmers kept chickens while goats were kept by about 57 per cent of the farmers. About one-third of the respondents (32 per cent) kept pigs. Only 13 per cent of the farmers kept cattle (Table 9). In general, the study revealed that most farmers preferred small-sized types of livestock to the larger ones.

Table 8: Main Reasons for Growing Different Crops

Crop	Reason	Frequency	Valid Percentage (%)
Maize	For food only	68	54.8
	For both food and sale	56	45.2
Groundnuts	For food only	30	27.5
	For sale only	2	1.8
	For both food and sale	77	70.6
Soyabeans	For food only	10	28.6
	For sale only	2	5.7
	For both food and sale	23	65.7
Common beans	For food only	16	57.1
	For sale only	1	3.6
	For both food and sale	11	39.3
Cassava	For food only	3	13.0
	For sale only	2	8.7
	For both food and sale	18	78.3
Sweet potatoes	For food only	22	50.0
	For sale only	1	2.3
	For both food and sale	21	47.7

Table 9: Livestock Kept

Livestock	Frequency	Percentage (%)
Chickens	105	87.5
Goats	68	56.7
Pigs	38	31.7
Cattle	16	13.3
Sheep	2	1.7

3. CROP MARKETING

3.1 Tobacco

Auction floors are the major markets for tobacco. Intermediate buyers are also another type of tobacco buyers. The intermediate buyers were commonly referred to as ‘vendors’ by the farmers. Over 98 per cent of the farmers indicated that they sold their tobacco to the auction floors (Table 10). There are three auction floors in Malawi, each located in the three cities of the three administrative regions, i.e. Limbe in Blantyre (southern region), Lilongwe (centre) and Mzuzu (north). Limbe Auction floors are the oldest, being the first floors ever. When the floors in Limbe could not cope with the volume of tobacco passing through them, the Lilongwe floors were opened up. The Mzuzu floors were opened up much later. According to Mwasikakata (2003), Lilongwe floors are by far the busiest of the three. Mzuzu is the smallest of the three. All the floors are electronically networked.

Tobacco sold at the floors is mostly bought by internationally owned companies on specifications from international buyers abroad to whom the tobacco is exported. There are several companies that buy, process and export tobacco to importers overseas. When tobacco is bought, it is processed to the specifications of the buying company overseas in terms of such characteristics as moisture content, colouring and flavour before it is exported. According to information from Tobacco Control Commission (TCC), the major buyers of tobacco at the auction floors are Limbe Leaf, Dimon, Stancom, Africa Leaf, Wallace RWJ, Tobacco Marketing, Premier Leaf, Globe Tobacco and Edwards Goodwin. Of these, Limbe Leaf is the biggest buyer accounting for at least 50 per cent of tobacco purchases.

Table 10: Crop Buyers

Crop	Buyer	Frequency	Valid Percentage (%)
Tobacco	Auction floors	104	98.2
	NASFAM	2	1.8
Maize	Intermediate buyers	51	86.4
	Local market	7	11.9
	ADMARC	2	3.4
Groundnuts	Intermediate buyers	59	76.6
	Local market	8	10.4
	NASFAM	7	9.1
	ADMARC	3	3.9
Soyabeans	Intermediate buyers	23	82.1
	NASFAM	4	14.3
	Local market	1	0.8
Common beans	Intermediate buyers	8	72.7
	Local market	2	18.2
	ADMARC	1	9.1
Cassava	Intermediate buyers	13	81.3
	Local market	3	18.7
Sweet potatoes	Intermediate buyers	12	70.6
	Local market	5	29.4
Vegetables	Intermediate buyers	7	58.3
	Local market	3	25.0
	Institutions	2	16.7

The floor buyers and exporters of tobacco are organised under the umbrella body known as Tobacco Exporters' Association of Malawi (TEAM). The Association's main business is the marketing of tobacco including export promotion and transportation. It represents the interests of the tobacco sector in respect of buying, processing and exporting.

Farmers are free to sell their tobacco at any floor they wish. Over 99 per cent of the farmers in the study reported that they sold their tobacco to Lilongwe auction floors, which is situated about 130 km from Kasungu. Only one farmer sold tobacco to the Mzuzu auction floors, which is about 250 km from Kasungu. This agrees with what was reported by Mwasikakata (2003) that smallholder farmers in Kasungu sell most of their tobacco to Lilongwe auction floors with a few selling to the Mzuzu Auction floors.

The farmers organise themselves into clubs which facilitate storage, transportation and marketing at the auction floors through the Tobacco Association of Malawi (TAMA) or the National Smallholder Farmers' Association of Malawi (NASFAM).

TAMA has got branch offices in all major tobacco growing regions, including Kasungu. More important, however, are TAMA's satellite depots established in critical locations where its members assemble their graded tobacco packed in bales. TAMA operates a transport programme whereby it negotiates with some transport/firm owners to transport tobacco at a negotiated rate. The cost of transport is directly deducted from the sales at the auction floors before the farmers get their payment. Farmers, however, have the option to deliver their tobacco directly to the auction floors.

NASFAM is an organisation that was formed in 1998 with the assistance of the United States Agency for International Aid (USAID) under the Smallholder Organisation Development Project (SADP) to strengthen farmers' ability to increase incomes and encourage their participation in Malawi's rural economy. Its members benefit from well-organised transport programme run throughout the areas where they operate. In Kasungu, NASFAM is present and is probably the most active in that area owing to the magnitude of smallholder tobacco growing in the district.

On average, the farmers travelled 115 km to sell their tobacco. The distances ranged from 18 km to 250 km. A comparison of the two EPAs showed that farmers in Kasungu-Chipala EPA travelled longer distances (123 km) to tobacco markets than farmers in Lisasadzi EPA who travelled an average of about 108 km. This was not surprising given that Lisasadzi is about 20 km closer to Lilongwe than Kasungu-Chipala (See Section 1.4). These distances reflected those who sell directly to the auction floors and those who sell their tobacco through the intermediate buyers or those who leave their tobacco at TAMA satellite depots or NASFAM where it is then transported to the auction floors. Selling to the auction floors involved travelling longest distances.

The distances again reflected where the farmers sold most of their tobacco. Over 90 per cent of the tobacco farmers travelled between 101 and 150 km to tobacco markets (Table 11). This is in line with the fact that almost all of the farmers sold their tobacco to Lilongwe auction floors.

Table 11: Distances to Tobacco Market

Category	Frequency	Valid Percentage (%)
0 – 50 km	1	0.9
51 – 100 km	8	7.5
101 – 150 km	96	90.6
201 – 250 km	1	0.9
Total	18	100.0

Tobacco prices were relatively higher at auction floors than when bought by intermediate buyers. Burley tobacco was being sold at an average price of MK120 (about US\$1.09) per kilogramme compared to MK40 (about US\$0.36) per kilogramme for intermediate buyers. The price offered by the intermediate buyers was about twice less than the lowest price offered at the auction floors. The farmers attributed this price difference to heavy bargaining by intermediate buyers. However, one would argue that the reason for the intermediate buyers to offer lower prices would be that they (intermediate buyers) anticipate transportation costs they would incur to move the produce to where it is demanded.

The performance of intermediate buyers is contrary to the expectations that policy makers had when introducing this system of buying. The intermediate buyers programme was part of the overall agricultural adjustment policy aimed at abolishing the monopoly of ADMARC and allowing farmers the choice to sell their tobacco to different buyers. The intermediate buying programme was introduced in 1994. With more buyers, it was hoped that competition would set in and increase prices offered to smallholder farmers. The only advantage of selling tobacco to intermediate buyers given was the ability to have cash as needed without having to wait for sales at the auction floors.

3.2 Maize

Maize is the staple food of Kasungu and of over three-quarters of people in Malawi. This was also reflected in the study. Over half of the respondents (54 per cent) indicated that they grew maize solely for food while the remaining 45 per cent grew maize for both food and sale (Table 8). This, then, meant that all the farmers in the study put emphasis on growing maize for food rather than for sale. For those who sold maize, their major buyers were the intermediate buyers. The study revealed that 81 per cent of the respondents sold their maize to the intermediate buyers (Table 10). These intermediate buyers either moved door to door or located themselves in

strategic positions such as local markets where farmers brought their maize. Other maize buyers mentioned were ADMARC, a milling company known as Rab Processors Limited and public institutions such as schools and hospitals.

Distance to maize markets was not an issue as intermediate buyers mainly moved door to door to buy maize. Those who had to travel to the markets covered an average of 9 km. It was not surprising therefore, when about 77 per cent of the farmers reported that they travel between 0 and 10 km (0 km in case of those who were visited by the intermediate buyers) to sell their maize (Table 12). The average selling price for maize was MK10 (about US\$0.09) per kilogramme. The lowest maize price reported was MK5 (about US\$0.05) per kilogramme while the highest price was MK18 (about US\$0.16) per kilogramme.

Table 12: Distances to Maize Markets

Category	Frequency	Valid Percentage (%)
0 – 10 km	46	76.7
11 – 20 km	10	16.7
21 – 30 km	2	3.3
>30 km	2	3.3
Total	60	100.0

In the study area there was a special category of maize seed multiplication farmers. One such group of these farmers was Lisasadzi Seed Multiplication Action Group (Lisasadzi SMAG). The SMAG is under Bua Association which is in turn under the umbrella of a national organisation called Association of Smallholder Farmers' Seed Multiplication Action Groups (ASSMAG). The ASSMAG has associations of which Bua is one of them. Each association is divided into SMAGs. Bua has 8 SMAGs. Apart from Lisasadzi, other SMAGs under Bua are Chipala, Mponela, Dowa, Ntchisi, Nkhamenya, Mchinji and Santhe.

Lisasadzi SMAG was initially established to be doing seed multiplication in maize, groundnuts, soya, pigeon peas and common beans. Funding was from the European Union (EU) who also bought the seed. This funding was through an inputs loan which was to be repaid to the EU upon sales of the seed. However, as membership was increasing, cheating was observed in the form of the members diverting their seed and selling it somewhere else and thereby defaulting the loans. This then resulted in the EU phasing out the loans and farmers started buying inputs for themselves.

Functions of the SMAG included playing an extension role by advising its members how to take good care of their seed. In addition, the SMAG facilitates access to seed market both within and outside Malawi through its mother body, ASSMAG. Furthermore, the SMAG also bargains for higher seed prices. The SMAG members indicated that during the previous year (2003), maize seed was selling at MK75 (US\$0.68) per kilogramme. The price was expected to go up to MK85 (US\$0.77) per kilogramme this season (2004). To ensure that demand is met on the market, members are given targets to supply to a particular market. Members who the SMAG feels have cheated are removed from the SMAG.

For one to become a member of the SMAG, one had to apply for admission to the executive committee. The executive then decides who to pick or not in consultation with an ‘inspector’ from the RDP. Upon admission, members pay an affiliation fee of MK5000 (about US\$45) and thereafter pay an annual fee of MK1000 (about US\$9). At the time of the study, Lisasadzi SMAG had about 80 members.

The SMAG members mentioned the following as their major challenges:

- Lack of maize seed processing plant hence they have to send their seed to Pannar Seed Company in Blantyre (about 450 km away). This increases the costs and reduces profit. To partially solve this problem, there are arrangements to do the seed processing with Monsanto Seed Company, which is in Lilongwe to reduce transportation and other handling costs.
- Lack of full-time seed inspector as the current one is an RDP staff who sometimes due to pressure of work at the RDP, is not available.
- Vehicles for transporting the seed are not only expensive but also few.
- Cheating by some members who sell seed to other markets other than those agreed.
- Due to the fees charged, the very poor farmers do not afford to join the SMAG.

3.3 Groundnuts

Groundnuts can be used as both a food and cash crop. This is one of the crops that are gaining in importance as a cash crop. Over a quarter (27.5 per cent) of those farmers who grew groundnuts said they grew the crop solely as a food crop while less than 2 per cent (1.8) of the groundnut farmers reported that they grow the crop solely for cash. However, the majority of the farmers (71 per cent) grew groundnuts for both food and cash (Table 8).

Like maize, the major buyers of groundnuts were intermediate buyers. The intermediate buyers were reported to be buying groundnuts from about 77 per cent of the groundnut farmers. Some farmers (10 per cent) sold their groundnuts at local markets while others (5.6 per cent) mentioned NASFAM as one of their buyers. ADMARC, which until mid 1990s, used to enjoy both monopoly and monopsony powers in selling and buying of smallholder produce, was mentioned by the least number of farmers (3.9 per cent) as a buyer of groundnuts (Table 10). This finding agrees with observations by several researchers such as Stambuli (2002) and Mwasikakata (2003) who reported that ADMARC no longer enjoys the monopsony powers in

buying smallholder crops due to entry of many buyers in the market and scaling down of its operations through closure of some of its markets.

The farmers covered an average of about 7 km to sell their groundnuts. The smaller distances covered reflected that most of the farmers did not have to travel to sell their groundnuts. Instead, the intermediate buyers moved door to door to buy the crop.

Different buyers offered different prices. NASFAM offered the highest average price of MK35 (about US\$0.32) per kilogramme followed by at local markets where the farmers reported an average selling price of MK31 (about US\$0.28) per kilogramme. Intermediate buyers and ADMARC offered an average price of MK27 (about US\$0.25) and MK26 (about US\$0.24) per kilogramme respectively. However, there were many variations in prices offered by intermediate buyers in that both the lowest and highest prices were offered by these buyers. The minimum groundnut selling price was MK10 (about US\$0.09) per kilogramme while the highest price was MK50 (about US\$0.45) per kilogramme.

3.4 Soyabeans

In the study area, soyabean was grown both as a food and cash crop. Only about 6 per cent of the soyabean farmers reported that they grew the crop solely for cash compared to about 29 per cent who said they grew the crop for food only. The remainder (65 per cent) grew soyabean for both food and cash (Table 8).

The major buyers of soyabean were the intermediate buyers. Over 82 per cent of the farmers indicated that they sold their soyabean to the intermediate buyers (Table 10). NASFAM was also mentioned as one of the buyers of soyabean by about 14 per cent of the farmers. It should be mentioned that NASFAM in Kasungu mainly buys tobacco. However, in a bid to diversify its members' income base, NASFAM also buys other crops such as soyabeans and groundnuts in addition to tobacco.

The dominance of intermediate buyers in soyabeans had the advantage that most farmers did not have to travel to sell their soyabean as the former usually moved from place to place to buy the crop. If anything, farmers had to take the soyabean to strategic places where the intermediate buyers came to buy the crop. This meant that minimum distances were covered. It was therefore not surprising that the average distance covered by the farmers to sell their soyabeans was about 8.6 km.

In general, the soyabean farmers obtained about MK22 (about US\$0.2) per kilogramme. However, the prices varied according to who was buying the crop. Like groundnuts, NASFAM offered higher price than the intermediate buyers. NASFAM offered an average of about MK24 (about US\$0.22) per kilogramme while the intermediate buyers offered an average of MK21 (about US\$0.19) per kilogramme. Although both NASFAM and the intermediate buyers offered a maximum price of MK35 (about US\$0.32), the minimum price offered by the intermediate buyers was lower than the minimum price by NASFAM. The minimum buying prices for the

intermediate buyers and NASFAM were MK9 (about US\$0.08) and MK15 (about US\$0.14) per kilogramme respectively.

3.5 Common Beans

The common bean *Phaseolus vulgaris* is one of the most important legumes in Malawi. However, Kasungu is not a major bean-growing area. The crop was grown by only 23 per cent of the sampled farmers (Table 7). Beans were mainly grown for household consumption. Over half of the farmers (57 per cent) reported that they grew beans solely for food (Table 8). Only one farmer said he grew beans for cash only. The rest (about 39 per cent) grew beans both for household consumption and for sale.

Like groundnuts and soyabeans, the farmers sold most of their beans to intermediate buyers. About three-quarters (73 per cent) of the bean farmers sold their beans to intermediate buyers (Table 10). Others sold their beans directly at local markets. The average selling price for beans was MK27 (about US\$0.25) per kilogramme. Prices however, varied a lot for those selling to intermediate buyers as compared to those selling at the local markets. The prices ranged from MK10 (about US\$0.09) to MK55 (US\$0.50) per kilogramme for the intermediate buyers while at the local market the prices ranged from MK25 (about US\$0.22) to MK30 (about US\$0.27) per kilogramme.

3.6 Cassava and Sweet Potatoes

During the past decade smallholder farmers resorted to planting cassava and sweet potatoes in addition to maize in response to drought and escalating fertilizer prices. For example, at national level, the estimated hectareage increased more than nine times from 184,321 hectares in 1993/94 season to 1,735,065 hectares in 2003/04 season. Over the same period, the area of land allocated to cassava for Kasungu ADD increased over 27 times from 6,047 hectares in 1993/94 season to 167,378 hectares in 2003/2004 season (Mataya, Jiyani and Chilongo, 2004).

In the study, cassava and sweet potatoes were grown by 19 per cent and 36 per cent of the farmers respectively (Table 7). Over 78 per cent of the farmers grew cassava both as a food and cash crop while about 13 per cent and 9 per cent of the farmers indicated that they grew cassava solely for food and solely for cash respectively. On the other hand, half (50 per cent) of those who grew sweet potatoes said they grew the crop for food only. Only one farmer reported that he grew sweet potatoes mainly for sale. The rest of the farmers (about 48 per cent) grew sweet potatoes for both cash and food (Table 8).

The major buyers for both cassava and sweet potatoes were the intermediate buyers who bought from 81 percent and 71 per cent of the farmers for the two crops respectively (Table 10). The rest of the farmers sold their cassava and sweet potatoes directly at the local market.

3.7 Vegetables

In addition to the above-mentioned crops, the farmers also grew a wide range of vegetables such as cabbage, rape, mustard, pumpkin leaves and tomatoes. The vegetables were grown in wetlands known as *dimba* in the local language. The farmers grew vegetables for both household consumption and for sale. Their major buyers were the intermediate buyers and institutions such as schools and hospitals (Table 10).

3.8 Advantages and Disadvantages of Different Crop Buyers

In summary, the major buyers of crops in Kasungu were:

- Auction floors
- Intermediate buyers
- Local market
- National Association of Smallholder Farmers in Malawi (NASFAM)
- Rab Processors Limited
- Seed Multiplication Action Group (SMAG)

The farmers were asked to give merits and demerits of each form of marketing. The subsequent sections present the farmers' perceptions of the different crop buyers.

3.8.1 Auction Floors

The only advantage given for the auction floors was that it is the only reliable tobacco market. However, the farmers expressed dissatisfaction with the auction floors. The following were some of their concerns:

- The farmers had a strong view that they are cheated by some tobacco re-handlers at the auction floors. They claimed that these re-handlers send their agents to deliberately contaminate the tobacco with foreign objects especially plastic material with a view getting business. According to the rules, if a bale in a particular consignment has foreign materials, then it means the whole consignment has to go to the re-handlers to be re-graded. At the time of the study, the re-handlers charged MK1000 (about US\$9.09). The farmers believed that this is what motivates the re-handlers to cheat. The farmers were very bitter about this. However, According to the Agricultural Research and Extension Trust (ARET), one of the major players in the tobacco industry, did not agree with the farmers' claims. It was indicated that the farmers are given a chance to choose who they want to re-handle their tobacco. As such, even if a re-handler contaminates the tobacco, it is not automatic that that particular re-handler would be chosen by the farmers.
- The farmers felt that at the auction floors they have no say on the prices being offered to them. Although in principle they are supposed to refuse to sell their tobacco if they are not satisfied with the price being offered, in practice this does not work since in most

cases the farmers have no choice but just to accept the prices. In addition they claimed that there is a lot of intimidation at the auction floors if they raise suspicion about the proceedings at the auction floors.

- The delays at the auction floors did not go well with the farmers. Some of whom claimed that their tobacco took more than 5 months before it was bought. Worse still, it again takes some time for a farmer to receive his/her money after tobacco sales. According to the farmers, these delays emanate from both the transportation system of tobacco and the bureaucratic procedures at the auction floors.
- Finally, the farmers complained that there are too many deductions at the auction floors. This drastically reduces their take-home income.

3.8.2 Intermediate Buyers

With the liberalisation of the produce marketing, the involvement of the intermediate buyers in produce marketing has drastically increased. As has been observed, these were the main buyers for all the crops except tobacco. The farmers indicated that the main advantages of these buyers was that they were able to get the money as soon as they sold their produce and that they normally travel short distances to get these buyers. In most cases, they were the intermediate buyers who moved door to door in search of produce. On the negative side, the farmers reported that they are forced to sell to these buyers as a coping mechanism in times of need. Otherwise, the farmers observed that the intermediate buyers were probably the worst of the produce buyers. They gave the following as some of the main disadvantages of the intermediate buyers:

- Most of these buyers were crooked in that they tampered with their scales to ensure that they overestimated the amount of produce they got. In this process the farmers were ‘robbed’ of their produce.
- In addition the intermediate buyers offered very low produce prices. Ironically, the farmers would go back to the same buyers in times of food scarcity. This time, the farmers were charged very high prices. The farmers summed up everything by saying that the intermediate buyers aimed at nothing but exploiting them.

3.8.3 Local Market

The farmers reported that selling at local markets was advantageous because in most cases these markets were closer; they got money soon after selling their produce and that they were able to set prices themselves unlike with intermediate buyers and auction floors who they felt did not involve them much when setting the prices. Nevertheless, the farmers still felt that selling at the local market had its own setbacks like:

- The forces of demand and supply sometimes affected them. For instance, when the demand was low, they were forced to reduce the prices. Similarly, when there was over supply of produce on the market, i.e. when there were too many sellers, they also reduced

prices. This, they said, made them not realise enough revenue to offset production costs for those particular crops.

- Selling at a local market attracted a market fee from Kasungu District Assembly. The farmers said they were not necessarily against the market fee but they were concerned with poor sanitation at these markets. In other words they did not see the justification of paying the market fee as they felt the Assembly offers them poor services.

3.8.4 National Association of Smallholder Farmers in Malawi (NASFAM)

It has been observed from this study that the farmers preferred to be given their money soon after selling their produce. They therefore expressed satisfaction with NASFAM because it gave them money instantly. They were however, of the feeling that some NASFAM staff members were corrupt. The farmers alleged that these unscrupulous members of staff deliberately adjusted the scales in order to overestimate the produce quantity with an aim of getting the extra produce for their own use. It was again not possible to verify this claim.

3.8.5 Rab Processors Limited

In general, the farmers were of the feeling that selling produce to Rab Processors Limited was far much better than other buyers. The farmers gave the following as the advantages of selling their produce to Rab Processors:

- They got money instantly.
- Unlike the intermediate buyers, there was no tampering with scales.
- Higher prices were offered.
- In addition to buying produce, the farmers reported that Rab Processors also sells agricultural inputs such as fertilizer at lower prices than other input sellers.

According to the farmers, the only setback Rab Processors is that their markets are sparsely located hence most farmers do not access them.

3.8.6 Seed Multiplication Action Group (SMAG)

As earlier explained, SMAG is involved in maize seed multiplication. Some of the strengths of SMAG mentioned by the farmers included:

- The prices offered are high.
- The association finds seed markets within and outside the country.
- The deductions from the revenue obtained are not much.

On the negative side of SMAG, the farmers reported that:

- There are delays in getting money after sells.
- The SMAG charges a higher membership fee that cannot be afforded by the majority of farmers. The farmers claimed that SMAG charged membership fee of between MK5000 (about US\$45) to MK7000 (US\$64) per annum. These figures were not far from the actual figures obtained from SMAG members who reported that the SMAG charges

MK5,000 (about US\$45) as affiliation fee and MK1,000 (about US\$9) per annum thereafter (see also Section 3.2). Probably the non-SMAG members confused the affiliation and annual fee to think they were one annual fee. However, in any case, the fees are too high to be afforded by the majority of the farmers. Even some SMAG members interviewed had also the same opinion. In addition, it was claimed that the screening process before one joins SMAG is discriminatory such that even having enough money may not guarantee being accepted as a member. The farmers felt there is favouritism in the screening process. However, the SMAG members explained that there is no favouritism in the screening process. They are strict with the screening as a quality control measure, which is very critical in seed multiplication.

3.9 General Problems in Crop marketing

Arranged in order of seriousness (according to the farmers' perception), the following were mentioned as marketing problems that cut across on almost all the crops:

- Low producer prices.
- Cheating by some buyers especially the intermediate buyers.
- High transportation costs. This was mainly the case for tobacco and was mainly attributed to poor roads and inadequate transporters to the auction floors. The low supply of transporters means those few on the market can easily charge exorbitant because they are faced with minimum (if any) competitions.
- Too many deductions at the auction floors.
- The farmers felt that there are few buyers on the market. This therefore, allows the few buyers to exploit them as they do not have a wide choice of buyers.
- Lack of proper storage facilities for their produce before it is sold.

4. LIVESTOCK MARKETING

It has already been mentioned that the main classes of livestock kept by the farmers were chickens, goats, pigs and cattle. The main markets for these livestock were intermediate farmers and local markets. In addition cattle were also marketed through government established markets. These are temporary markets set from time to time in particular places. Kasungu is one such place where this cattle market exists. The farmers observed that these government established markets are better than other markets in that they offer high prices. However, a major setback for these markets is the fact that they are sparsely located. This makes the farmers travel longer distances to access these markets. For instance, some farmers indicated that they sometimes travel to Dowa and Mponela to sell their cattle. Dowa is about 100 kilometres south east of Kasungu while Mponela is about 60 kilometres south of Kasungu. These distances reflected some of the challenges that the farmers face in cattle marketing.

For all types of livestock the dominant buyers were the intermediate buyers. For example, over 60 per cent of those who own chicken reported that they sell them to intermediate buyers. In most cases these intermediate buyers operate butcheries. They move place to place in search of livestock. This can be attributed to the long distances involved to access the 'conventional' cattle markets. The farmers therefore, sell to the intermediate buyers as a last resort.

Despite being the commonest form of livestock marketing, the farmers complained that the intermediate buyers offer them low prices. The study also revealed that the farmers do not trust the intermediate buyers. They made serious allegation to the effect that these intermediate buyers sometimes connive with livestock thieves. It was however, not possible to verify this claim.

The farmers were also asked to give problems they face in livestock marketing. Arranged in order of importance judged by frequencies of the problems being mentioned, the following were given as major problems encountered in livestock marketing:

- Prices offered are low.
- Cheating by some buyers like the case of intermediate buyers conniving with livestock thieves.
- There are few buyers on the market. This partly explains why prices offered are low.
- Lack of storage facilities especially for those who do not sell live animals.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The following are some of the major conclusions drawn from the study:

- Tobacco was the major crop grown in Kasungu while maize was the major food crop grown by all the farmers under study. Other crops grown by the farmers included groundnuts, common beans, paprika, pigeon peas and vegetables.
- Chickens were the commonest livestock kept by the farmers seconded by goats. Other livestock kept in Kasungu were pigs, cattle guinea fowls and ducks.
- Tobacco was mainly sold to the auction floors. The farmers had a choice to sell their tobacco either at Lilongwe or Mzuzu auction floors. However, the majority of the farmers opted to sell their tobacco to Lilongwe auction floors since it is closer to Kasungu than Mzuzu auction floors.
- Despite being described as the most exploitative and unfavoured by the farmers, the intermediate buyers were the major buyers of agricultural produce such as maize, groundnuts, soyabeans, common beans, cassava, vegetables and livestock. This implies that the farmers do not have reliable markets for most of their produce.
- The study has revealed that the farmers liked buyers who gave them money as soon as their produce is sold and offered them higher prices at the same time.

- Distance to produce markets was more crucial for tobacco than other crops (i.e. maize, groundnuts, soyabeans, common beans, cassava and vegetables). Tobacco farmers travelled longest distances to produce markets. They travelled on average 115 km to tobacco markets. On the other hand, since the other crops were mostly bought by intermediate buyers who moved from place to place looking for produce, they either did not have to travel to the market or travelled relatively short distances to the market. This then implies that transportation and other handling costs were higher in tobacco than other crops.
- Produce marketing in Kasungu is faced by a lot of challenges. The farmers identified the following as the major challenges in produce marketing in Kasungu:
 - Tobacco being the major cash earner for the farmers, of greatest concern to them was the controversial issue of foreign objects mainly plastics in the tobacco at the auction floors. The farmers claimed that in most cases these plastics were deliberately put in their tobacco by the re-handlers at the floors with an aim of creating work for themselves.
 - Low produce prices.
 - Cheating by some buyers.
 - Poor roads which lead to high transportation costs especially for tobacco.
 - Few buyers on the market.
 - Lack of proper storage facilities.

5.2 Recommendations

This study makes the following recommendations:

- There is need to investigate the claim made by farmers about the involvement of some re-handlers in contaminating tobacco at the auction floors. This should involve all stakeholders in the tobacco industry such as the farmers themselves, Ministry of Agriculture, TAMA, TCC, among others.
- Associations involved in purchasing agricultural produce should closely monitor how their employees are dealing with the farmers. This recommendation has been in the wake of the claim by the farmers that employees of some associations tamper with scales when buying produce from the farmers.
- As it has been mention in the introduction, the study mainly concentrated on the producers (smallholder farmers). However, the views from the buyers and other stakeholders would also be important to validate the findings from this paper. It is therefore recommended that further studies should seek views from the buyers and the other stakeholders in the tobacco industry.

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